

**THEMATIC COMPILATION OF RELEVANT INFORMATION SUBMITTED BY THE
REPUBLIC OF MOLDOVA**

ARTICLE 9

Management of Public Finances

REPUBLIC OF MOLDOVA (FOURTEENTH MEETING)

Information in relation to strengthening the role of Supreme Audit Institutions in the prevention and fight against corruption (resolution 9/3 of the Conference of the States Parties to the United Nations Convention against Corruption)

The United Nations Convention against Corruption provides in its Article 9, paragraph 2:

“Each State Party shall, in accordance with the fundamental principles of its legal system, take appropriate measures to promote transparency and accountability in the management of public finances. Such measures shall encompass, inter alia:

[...]

- (c) A system of accounting and auditing standards and related oversight;
- (d) Effective and efficient systems of risk management and internal control; and
- (e) Where appropriate, corrective action in the case of failure to comply with the requirements established in this paragraph”.

1. Please describe (cite and summarize) the measures/steps that your country has taken, if any, (or is planning to take, together with the related time frame) to implement the Convention and to promote the implementation of resolution 9/3.

In relation to article 9, paragraph 2 and measures/steps that have been taken, States parties may wish to consider including the following:

- Measures taken to promote, in accordance with the fundamental principles of the legal systems, the independence of the supreme audit institution;

➤ **Court of Accounts of the Republic of Moldova (CoARM)**

The situation regarding the ensuring of the independence of the Court of Accounts of the Republic of Moldova was analyzed within the international "peer review" evaluation, carried out during 2020-2022 by SIGMA - the joint initiative of the European Commission and the Organization for Economic Cooperation and Development (OECD), in conjunction with the State Audit Office of Latvia and the Turkish Court of Accounts. (<https://www.ccrm.md/en/peer-review-3587.html>).

According to the findings of the Peer Review Report, the CoARM is mentioned in the Constitution and the Law 260/2017 (https://www.legis.md/cautare/getResults?doc_id=126160&lang=ro#) is well developed, and if properly implemented, would provide the CoARM with sufficient independence and autonomy. However, the Constitution does not adequately address a number of issues and in particular it does not address the status of the CoARM as an independent institution. In addition, there are provisions in the CoARM's Law that could be strengthened, and the implementation of other laws, especially those related to the budget, civil service and payroll, undermine key elements of the organizational, functional and financial independence of the CoARM. According to the findings of the external evaluation, for the CoARM to be credible and

effective, the legal framework should be changed so as not to affect the institutional, functional, operational and financial independence of the institution.

The INTOSAI principles are applicable to all institutions that are members of INTOSAI. The evaluators compared the eight principles of the Mexico Declaration (*INTOSAI-P 10* <https://www.issai.org/professional-pronouncements/?n=10-99>) with the legal framework of the CoARM, and stated the following:

Principle 1: The existence of an appropriate and effective constitutional/statutory/legal framework and of de facto application provisions of this framework. This principle is partially complied with. The Constitution does not address the independence of the CoARM and while CoARM law generally provides the CoARM with the relevant autonomy and independence, the broader legal framework and its implementation by the Executive effectively undermine the autonomy and discretion of the CoA and therefore its independence.

Principle 2: The independence of SAI heads and members (of collegial institutions), including security of tenure and legal immunity in the normal discharge of their duties. This principle is partially complied with. The independence of the CoARM Members is not laid down in the Constitution. The CoARM Law articulates the independence of CoARM Members and provides them with some immunity from prosecution in the course of their duties, but it is not clear whether this is sufficient to protect them for any act, past or present that results from the normal discharge of their duties. The appointment of CoARM members for a term of five years is relatively short, and a renewable mandate can be seen as potentially impairing independence, as it is dependent on re-election by a political body.

Principle 3: A sufficiently broad mandate and full discretion, in the discharge of Supreme Audit Institution functions. This principle is partially complied with. The CoARM Law provides the CoARM with a broad mandate to audit all public bodies and resources, and the power to undertake the different types of audit. However, the laws for a small number of entities prescribe the audit work the CoARM to conduct for these entities and when that work must be done, placing some limits on the discretion of the CoARM. Additionally, the Parliament has the right, by its decision, to demand the CoARM to carry out certain tasks, which to a degree limits the CoARM in determining and approving the use of its own resources and in approving its audit work program.

Principle 4: Unrestricted access to information. This principle is partially complied with. The CoA Law provides the CoARM with the rights to obtain all the information needed to carry out an audit, but in practice there are instances where access to information has been refused or delayed.

Principle 5: The right and obligation to report on their work. This principle is complied with. The CoA exercises all rights and obligations under the CoARM Law, informing both the legislature and the public about its activities and results, as well as cooperating with law enforcement bodies.

Principle 6: The freedom to decide the content and timing of audit reports and to publish and disseminate them. This principle is complied with.

Principle 7: The existence of effective follow-up mechanisms on SAI recommendations. This principle is complied with.

Principle 8: Financial and managerial/administrative autonomy and the availability of appropriate human, material, and monetary resources. This principle is not respected. The Ministry of Finance and the Government, which are audited entities of the CoARM, are directly involved in assessing the operational priorities of the CoARM and determining the amount of resources (budget) required to ensure the operation of the CoARM. Also, the requirements of the laws and Government decisions related to the public service, public servants, remuneration and job classification mean the CoARM is not independent in determining its organisational structure and the management of its staff. As a result, there are limitations on the discretion of the CoARM in the efficient use of its budget and other resources.

- Measures taken to implement policies for the effective operation of the supreme audit institutions in accordance with the principles and standards formulated by the International Organization of Supreme Audit Institutions,
 - with regard to ensuring the proper management of public finances and public property, and
 - in areas such as public procurement;

➤ **Court of Accounts of the Republic of Moldova (CoARM)**

As a result of exercising the entire spectrum of types of external public audit provided by its legal mandate, the CoARM makes recommendations to improve the management of public finances and promotes responsibility, transparency, efficiency, economy and effectiveness among public authorities and institutions.

Public finance management (PFM) performance is directly dependent on reliable decision-making, the consistent use of resources made available to those charged with governance, including accountability for how these resources have been managed. In this context, the CoARM, as a result of the completion of the mandatory financial audits, appreciates the compliance of the entities and their effort to implement the recommendations in order to increase the performance level of public finance management.

At the same time, the CoARM, within the framework of its external public audit mandate, promotes the continuous and sustainable development of public finance management through the lens of the development of the new medium-term strategy, including the determination of the needs to implement the records system based on commitments. The CoARM has repeatedly noted that the accounting and reporting methodologies of the national public system differ from the international practices. There are major discrepancies between national public sector accounting and reporting methodologies and international practices. Currently, there is a lack of a well-defined mechanism for consolidating state assets and liabilities. The record of the execution of the state budget (SB) is kept based on the cash method, the obligations towards the SB for the payment of taxes and fees (arrears), as well as the state debt and state recrediting are reported by the State Treasury to the off-balance sheet accounts, and within the ministries, the accounting records are organized based on commitments. This situation limits the overall vision of the way of administration of public financial resources and public patrimony

https://www.ccrm.md/en/annual-report-of-the-court-of-accounts-on-the-management-88_92498.html).

In the last 3 years, the CoARM has promoted the need to align the accounting records and financial reporting in the budgetary sector to the International Public Sector Accounting Standards (IPSAS). The insistence of the CoARM has recently materialized in the priorities of the Public Finance Management Strategy 2023-2030 by setting the concrete time frame and the necessary measures to develop and introduce the National Public Sector Accounting Standards (NPSAS). Following this exercise, the effectiveness, efficiency, responsibility and transparency of public finance management will be strengthened.

The extent of an efficient public procurement system is declared as one of the fundamental elements of the development process of the Republic of Moldova. At the same time, the field of public procurement is often subject to major risks.

The audit experience of the CoARM has elucidated the maintenance of multiple deficiencies and irregularities rooted over the years in this area, as well as problems in the development of electronic public procurement. Precisely for these reasons, the CoARM planned and carried out in 2021 audits regarding the compliance of public procurement in all 9 ministries with subordinate institutions, examining the period 2019-2020. This approach highlighted the seriousness of the problem of low value procurement. The CoARM found that, in addition to the official figure of public procurement of 9.04 billion lei (4.4% in GDP) made in 2020, the contracting authorities of the Republic of Moldova have also procured goods, works and services, the estimated value of which amounts to 9.01 billion lei and these procurements, in fact, represent public procurement of low value (https://www.ccrm.md/en/analytical-synthesis-of-the-audit-results-related-to-the-field-3539_92092.html).

Although the value of low-value public procurement has practically equaled the value of competitive public procurement procedures, most authorities do not ensure the conduct of low-value public procurement procedures through the Automated Information System (AIS) "RSAP" MTender and does not report them to the Public Procurement Agency, for which reason in the Republic of Moldova there is no official statistic on the real total amount of public procurements made.

The laconic regulation of low-value public procurements, combined with the possibility of discretionary action by the contracting authorities when carrying out these procurements, facilitates the non-transparent and sometimes inefficient use of public money, as well as, implicitly, conditions the emergence of the risk of fraud.

To remedy the stated deficiencies and irregularities, the CoARM submitted audit recommendations, aimed at remedying the gaps in the regulatory framework, improving the AIS "RSAP"/MTender, strengthening the institutional capacities for planning, carrying out and monitoring the procurement process established within the audited entities. Broadly speaking, the recommendations aimed at adjusting and improving the legal framework, developing the AIS, strengthening internal managerial control and control actions by the contracting authorities.

It should be noted that one of the important recommendations of the CoARM became final at the end of 2022. Thus, throughout the Government's Decision no. 70 from December 12, 2022, the

Regulation on low-value public procurement was approved with its implementation from July 1, 2023 (https://www.legis.md/cautare/getResults?doc_id=134614&lang=ro).

- Measures taken to promote transparency and accountability in the management of public finances, including through a system of accounting and auditing standards and related oversight;

➤ **Court of Accounts of the Republic of Moldova (CoARM)**

Article 33 (1) of the CoARM's Law indicates: „The audit procedure is carried out in accordance with this law, the international standards of the supreme audit institutions, as well as with the regulations, manuals and guidelines of the CoARM developed in accordance with them” (https://www.legis.md/cautare/getResults?doc_id=126160&lang=ro#).

In this context, CCRM implements the INTOSAI Framework of Professional Pronouncements in its activity (IFPP). The INTOSAI Framework promotes the credibility and relevance of public auditing by establishing internationally recognized principles and professional standards that promote excellence in the application of methodology and support the effective functioning of supreme audit institutions in the public interest. Simultaneously, the CoARM developed and approved audit manuals, guides, codes, guidelines and other internal regulatory documents, in accordance with the requirements of the INTOSAI Framework.

The compliance of the CoARM's auditors with the International Standards of the Supreme Audit Institutions was confirmed by the findings of the external evaluation, carried out by the World Bank (WB)- *the report "Quality of audits of the Court of Accounts of the Republic of Moldova: a review of compliance with the International Standards of the Supreme Audit Institutions"* (<https://www.ccrm.md/en/evaluation-reports-3586.html>). The purpose of the review was to assess the quality of the audits carried out by the CoARM on the projects financed by the World Bank, through the objective of compliance of the audit with the International Standards of the Supreme Audit Institutions (ISSAI), to confirm the confidence of the WB in the findings formulated by the SAI in the audit of the operations financed by the WB.

In the Report, the World Bank mentions that the audit methodology of the CoARM corresponds to the INTOSAI standards, emphasizing that compliance with international audit standards is an important component of audit quality and is absolutely necessary in maintaining the credibility of the SAI.

➤ **Ministry of Finance of the Republic of Moldova**

The legal framework for budgetary transparency is ensured by the Law no. 239/2008 on transparency in the decision making process¹, Government Decree no. 967/2016 on public

¹Official Gazette of the Republic of Moldova no. 215-217 of December 5, 2008 https://www.legis.md/cautare/getResults?doc_id=106638&lang=ro

consultation mechanism with civil society in the decision making process² and Government Decree no. 188/2012 on the official websites of public administration authorities in Internet³.

Budget transparency is ensured at different stages of the budgetary cycle as follows:

✓ **Preparation of the budget:**

Draft laws on the annual state budget, including explicative notes, are published on the Ministry of Finance website and on the Government consultation platform <https://particip.gov.md/ro>.⁴ The Medium Term Budgetary Framework – the document that sets the macro-fiscal framework for the forthcoming three years for the national public budget and of its components – is published on the Ministry of Finance website (<https://www.mf.gov.md/ro/buget/cadrul-bugetar-pe-termen-mediu>).

✓ **Approval of the budget:**

After approval by Parliament, annual budget laws are published online as follows:

- The state registry of legal acts, where all approved laws and regulations are published, including the Law on the state budget - <https://www.legis.md/>
- Ministry of Finance website, where annual laws on state budget are published - <https://mf.gov.md/ro/content/bugetul-de-stat-2022>.

Since 2015 the Ministry of Finance, based on the approved annual Law on the state budget, prepares the Citizens' Budget. This is an instrument developed to present the budget in a simple and accessible format ensuring that each citizen understands its provisions. It is also published on the Ministry of Finance website - <https://mf.gov.md/ro/content/ministerul-finan%C8%9Belor-publicat-bugetul-pentru-cet%C4%83%C8%9Beni-pentru-anul-2022>.

✓ **Execution and supervision of the budget:**

Below is a summary of publications providing transparency on budget execution:

Annual report on execution of the state budget, after approval by the Government	Ministry of Finance website - https://mf.gov.md/ro/trezorerie/rapoarte-privind-executarea-bugetului/rapoarte-anuale Government open data platform - https://date.gov.md/ckan/ro/dataset/15932-raport-anual-privind-executarea-bugetului-de-stat
--	--

²Official Gazette of the Republic of Moldova no. 265-276 of July 19, 2016
https://www.legis.md/cautare/getResults?doc_id=119856&lang=ro#

³ Official Gazette of the Republic of Moldova no. 70-71 of April 6, 2012

⁴ For example, the draft budget law for 2022 is published on <https://www.mf.gov.md/ro/content/proiectul-legii-bugetului-de-stat-pentru-anul-2022-0> and <https://particip.gov.md/ro/document/stages/proiectul-legii-bugetului-de-stat-pentru-anul-2022/8509>.

<p>Consolidated financial report for the central government</p>	<p>Ministry of Finance - https://www.mf.gov.md/ro/trezorerie/raport-financiar-consolidat-pentru-guvernul-central</p> <p>Government open data platform - https://date.gov.md/ckan/ro/dataset/18539-raport-financiar-consolidat-pentru-guvernul-central</p>
<p>Report on the execution of the Citizens' Budget</p>	<p>Ministry of Finance - http://mf.gov.md/ro/trezorerie/rapoarte and</p> <p>Government open data platform - https://date.gov.md/ckan/ro/dataset/18540-raport-privind-executarea-bugetului-pentru-cetateni.</p>
<p>Semi-annual report on the execution of the national public budget and its components, after approval by the Government</p>	<p>Ministry of Finance - https://mf.gov.md/ro/trezorerie/rapoarte-privind-executarea-bugetului/rapoarte-semianuale</p> <p>Government open data platform - https://date.gov.md/ckan/ro/dataset/15929-raportul-semianual-privind-executarea-bugetului-public-national-si-a-componentelor-acestua.</p>
<p>Monthly reports on the execution of the national public budgets</p>	<p>Ministry of Finance - http://mf.gov.md/ro/trezorerie/rapoarte-privind-executarea-bugetului/rapoarte-lunare</p> <p>Government open data platform - http://date.gov.md/ckan/ro/dataset/15071-raport-privind-executarea-bugetului-public-national</p>
<p>Platform on data regarding the execution of the national public budget (VDEB), which is updated monthly and specific reports can be generated at request</p>	<p>https://buget.mf.gov.md/ro.</p>
<p>Detailed database on public expenditures</p>	<p>Ministry of Finance - http://mf.gov.md/ro/search/node/boost</p>

(BOOST) is updated annually	Government open data platform - https://date.gov.md/ckan/ro/dataset/15421-baza-de-date-a-cheltuielilor-publice-boost
Open data catalog	https://mf.gov.md/ro/ministerul-finan%C8%9Belor/catalogul-de-date-deschise-al-ministerului-finan%C8%9Belor

Pursuing the goal of promoting the transparency and accountability in the management of public finances, Republic of Moldova implements a system of Public internal financial control in line with internationally recognized standards and practices, covering all entities within public sector. Therefore, by approving the Law no.229/2010 on public internal financial control, the Government aims at strengthening managerial accountability for the optimal management of resources according to the objectives of the public entities, based on the principles of good governance, by implementing a sound internal control system and internal audit activity in the public sector.

In accordance to the Law no.229/2010 on public internal financial control, a key requirement for each public entity is to implement an internal control system to achieve the following general objectives:

- a) economy, effectiveness and efficiency of operations;
- b) compliance with laws and regulations;
- c) safety of assets and liabilities;
- d) reliability and integrity of financial and operational information.

The internal control system is organized based on the COSO model and standards, covering (i) control environment, (ii) performance and risk management, (iii) control activities, (iv) information and communication, and (v) monitoring and evaluation. Internal control refers to all policies, procedures, internal rules, processes and activities, and helps to address risks, to prevent and detect fraud, waste, and mismanagement, ensuring that financial operations and activities are carried out in accordance with relevant laws and regulations, maintaining public trust and confidence in the Government.

On the other hand, as an independent and objective assurance and advisory activity, internal audit intends to add value and improve the activity of public entities by assessing and improving risk management, control and governance processes, enhancing the overall performance.

In this regard, the Law no.229/2010 on public internal financial control provides the obligation for ministries and central agencies, as well as, for local bodies of second level to establish internal audit unit. Other public entities are encouraged to create an internal audit unit as well.

In addition, by law the internal audit units assess at least once in every three years the high-risk processes in the areas of finance and accounting, public procurement, asset management, information technology.

On the top of that, the Ministry of Finance is responsible to centrally harmonize the Public internal financial control policy. Also, it monitors and assesses the organization and functioning of internal control and internal audit, and reports annually to the Government. Several Consolidated Reports produced by the Ministry of Finance can be accessed on the link:

<https://mf.gov.md/ro/content/controlul-financiar-public-intern>.

The overall conclusion of the last report is that a solid normative framework for Public internal financial control is in place, but internal control systems and internal audit activity are not fully functional due to shortage of resources and capacity.

Also, the Public Expenditure and Financial Accountability (PEFA) assessment as of 2022 rates the Internal controls on salary and non-salary expenditure with a high score (A), which means that appropriate segregation of duties is prescribed through the entire expenditure process and also responsibilities are clearly laid down, strong controls effectively limit commitments to budgetary allocations and cash availability, and there is a high level of compliance with rules and procedures.

Contrary, the Internal audit is assessed with a lower score (C). Even if the coverage of overall central revenue and expenditure by internal audit is high, the activity is not fully operational, due to insufficient level of staffing occupancy. That is why, strengthening the internal audit function at the higher hierarchical level would be a solution for a rational sizing of the internal audit units and for efficient implementation of quality assurance mechanisms over the internal audit activity. The full PEFA assessment Report can be accessed on the link: <https://www.pefa.org/node/4990>.

The Court of accounts is the supreme audit body of the Republic of Moldova, which oversees the formation, management and use of public funds and public property. Each year, it carries out external audit missions following which recommendations are submitted to the audited entities.

Also, the Financial Inspection is the administrative authority subordinated to the Ministry of Finance, whose mission is to protect the financial interests of the state by implementing, in accordance with the principles of transparency and legality, a financial control on compliance with legislation during the performance of operations and transactions related to the management of national public budget resources and public property. Each year, it conducts financial inspections to identify deviations from the legal framework.

During 2022, the Financial Inspection carried out 914 inspections, 720 of which were financial inspections. The share of financial means subject to financial inspection in relation to the national public budget is 98.1%. The share of the prejudice received at the budget in relation to the calculated amounts was 87.12% (calculated – 46623.98 thousand lei, collected – 40619.08 thousand lei).

The State Tax Service (STS) is the administrative authority subordinated to the Ministry of Finance that ensures the process of administration and tax service by creating conditions for taxpayers to comply with the legislation, uniform application of the policy and regulations in the tax field, contributing to the collection of revenues to the budget.

Thus, for the purpose of compliance by the taxpayer with the legal rules in the tax field, the "Taxpayer's Charter - Rights and Obligations" was elaborated and placed on the official website

of the State Tax Service (www.sfs.md), which summarizes in a clear and concise manner the rights and obligations of the taxpayer in relation to the STS, and aims to establish a necessary balance between the exercise of the public service mission of the STS and their legitimate expectations to maintain this balance in a relationship based on mutual trust and compliance with the laws.

Also, the rights and obligations of the taxpayer during audit are published on the back of the Decision regarding the initiation of the audit, which, according to the provisions of art. 216 para. (2) of the Tax Code, is compulsorily handed to the taxpayers by the fiscal officials delegated to carry out the tax audit.

In accordance with the provisions of Law No. 131 of 08.06.2012 regarding state audit of entrepreneurial activity, the procedure for organizing and carrying out tax audit is regulated in order to ensure a higher level of protection for people who carry out entrepreneurial activity. Thus, according to the provisions of the Law, the bodies with audit attributions are obliged to prepare annually the audit plan for the following year and register it in the State Register of Audits by December 1 of the year preceding the calendar year to which the audit plan refers. The information is similarly public in the case of audits other than those planned annually (the monthly audit plan), the list of subjects being published on the website of the State Tax Service (www.sfs.md), and subsequently the information is transmitted to the State Register of Audits.

At the same time, in the event of an audit, the economic agent has the possibility to see in the Register, until the effective audit is initiated, the information related to the name (denomination) of the person and object subject to audit, the number and date of approval of the audit plan, the number, date and time of issuing the delegation of audit, duration of audit, type of audit, purpose and aspects to be subject to audit.

In the same vein:

- in order to prevent and solve conflicts of interest, on 15.11.2021, the State Tax Service approved the Order no. 577 regarding the approval of the Regulation on how to declare and solve conflicts of interest and the Register of declarations regarding conflicts of interest within the STS. During 2022, 5 declarations were registered in the Register of declarations regarding conflicts of interest;
- in order to prevent influence peddling, on 10.03.2022, the State Tax Service approved the Order no. 102 regarding the approval of the Regulation on the manner of declaring and recording cases of undue influence and the Register of cases of undue influence. During the year 2022, no case was registered in the Registry of cases of undue influence.

It should be noted that during 2022:

- there was elaborated, published and promoted the press release with the title: “Ways of communication with the State Tax Service”, in which the anti-corruption telephone line of the STS Call Center is also promoted. <https://sfs.md/ro/stiri/modalitatile-de-comunicare-cuseviciul-fiscal-de-stat>;

- according to the STS Order no. 12 p/d of 22.03.2022, on 12.04.2022, the training seminar with the generic “Acts of corruption and its related acts” took place, held with the support of the National Anticorruption Center. 23 tax officials participated in the seminar;
- during 06.05.2022-05.08.2022, the employees of the STS participated in the training course “Integrity and anti-corruption” – 1464 tax officials.

The Customs Service is the administrative authority subordinated to the Ministry of Finance that ensures the customs administration process, contributing to the collection of revenues to the budget.

Measures including the efforts of the Customs Service to promote integrity and the fight against corruption are targeted toward preventing, promoting and controlling the implementation by customs officials of the principles of integrity, democracy and objectivity. The integrity and supervision Directorate of the Customs Service is the specialized subdivision, which promotes ethics and integrity in the exercise of duties, by taking measures to prevent and combat corruption and professional abuse (trainings, unannounced checks and others measures).

Also, within the Customs Service operates the Single call Center, which is made up of two distinct specialized lines – the information line and the anti-corruption line. Through the anti-corruption line, which activates 24/24, citizens can report on corruption and other abuses committed by customs officials;

In another context, as a result of the actions taken by the Customs Service in the fight against corruption, during 2022, were recorded:

- 352 detentions of smuggled goods, worth 25 088 536 lei, the value of confiscated goods being 8 565 770 lei; on the transnistrean segment there were registered 22 detentions of goods with a value of about 1 200 000 lei;
 - 129 cases of detentions of goods liable to infringe an intellectual property right, covering 173 507 units of goods totaling 7 689 793.27 lei.
 - 42 cases of illicit drug trafficking and 175 catches of cigarettes with a total of 65 857 903 cigarettes.
- Measures taken to promote examining, periodically or as necessary, the applicable financial and accounting frameworks and procedures, in order to determine their effectiveness in the fight against corruption;

➤ **Court of Accounts of the Republic of Moldova (CoARM)**

Most of the recommendations of the CoARM aimed at the management, recording and privatization of public property, public procurement, investments, etc. exposed both in financial audits and in compliance and performance audits, provide for the adjustment of the normative-legal framework, the elaboration of clear procedural rules, the improvement of the record-keeping and reporting framework that lead to the elimination of favorable circumstances and conjunctures for favoritism, fraud and corruption.

Example:

Privatization CoARM's Decision no. 49 from 02.08.2021 (points 2.4. and 2.5.)
https://www.ccrm.md/ro/decision_details/1129/hotararea-nr49-din-2-august-2021-cu-privire-la-raportul ;

CoARM's Decision no. 28 from 24.06.2021 (pt. 2.5., 2.6., 2.7)
https://www.ccrm.md/ro/decision_details/1112/hotararea-nr28-din-24-iunie-2021-cu-privire-la-raportul

Some examples of adjustments to the legislative-normative framework as a result of the implementation of the recommendations of the CoARM:

- in the chapter on the denationalization of public property, throughout the *Law no. 220 from 16.12.2021*, amendments were made to Law no. 121/2017, which will ensure the privatization of the rooms leased according to the general provisions on the basis of tenders and not on the basis of direct contracts;
 - for the modification of the legal framework that determines the way of sale of free construction land, as well as establishing the need to calculate the market price of public property land under the management of state enterprises subject to privatization, throughout the Law no. 220 from 16.12.2021, art. 54 of Law no. 121/2017 was amended, thus ensuring significant increases in income from the sale of land;
 - on the basis of the Law 119 from 16.09.2021, changes were made regarding the capping at 20% of the purchase price declared by the supplier of the commercial allowance for the sale of medical devices compensated from the mandatory health care insurance funds, intended for use in outpatient conditions;
 - throughout the Government's Decision no. 23 from 03.03.2021, amendments were made to the Government's Decision no. 453/2010 regarding the method of establishing the initial sale price of public property shares subject to privatization.
-
- Measures taken to ensure that the audited entities respond to the findings of the audit reports, implement the recommendations of the supreme audit institutions and take appropriate corrective action, including criminal prosecution, to ensure the proper management of public affairs and public property;

➤ **Court of Accounts of the Republic of Moldova (CoARM)**

The CoARM's Law sets out clear requirements for audited entities to respond to recommendations stipulated in the CoARM's reports. The audited entities and other institutions specified in the auditor's report must report on the implementation of the recommendations or the reasons why they are not implemented within the established deadlines. The CoARM sets concrete deadlines for reporting on the implementation of the recommendations, taking into account the complexity of the measures to be taken to implement the recommendations.

The CoARM has established systems to monitor and track the implementation of audit recommendations. Thus, the CoARM developed its own information system for monitoring electronic recommendations - „Audit CCRM”. It is an electronic register intended to store, update

and analyze data on audits carried out, audited entities, recommendations submitted and executed etc. The information resource allows the operative generation of statistical and analytical reports; the record of the CoARM's Decisions and the possibility of quick identification of the decisions whose execution term has expired; real-time visualization of information on the planning, initiation, progress, completion and monitoring of the execution of audit recommendations, etc. „Audit CCRM“ is interconnected with the web page of the CoARM, where information from the system is presented with reference to audit decisions and reports, as well as the actions taken by the audited entities in order to implement the audit recommendations (<https://www.ccrm.md/ro/decisions>).

In February 2022, a new version of the system was launched, in which new functionalities were provided, including for audited entities. Thus, the "Entity Cabinet" was created, which can be accessed directly from the CoARM's web page. This functionality allows each individual entity, to which the Court has issued recommendations and which has a username and access password, to view all the recommendations addressed to it within the various audits, the allocated implementation period, the information presented, but also the status of their implementation, as well as providing a set of alerts and notifications related to the new information placed, but also to the expiry of the deadlines allocated for implementation. Entities benefiting from the opportunity to submit responses regarding the actions taken to remedy deficiencies and implement recommendations in electronic format, directly from the "Entity Cabinet", which facilitates communication between the CoARM and the audited entities.

In order to publicize and familiarize the entities with the new functional possibilities of "Audit CCRM", trainings were organized to which the audited entities were invited. During the year 2022 and until now, about 20 entities have an account in the IS and send the answers regarding the remedial actions of the audit recommendations through the system, among them are the Ministry of Finance, the Ministry of Agriculture and the Food Industry, the Ministry of the Economy, the Ministry of Foreign Affairs, the State Fiscal Service, the NBM, etc.

The CoARM also carries out follow-up missions where a more detailed examination of the selected entities is carried out to verify the implementation of the recommendations. The CoARM's Law obliges audited entities to respond to the CoARM's questions regarding actions taken on recommendations.

- Measures taken to involve the supreme audit institutions and the internal audit units in the country reviews under the second cycle of the Mechanism for the Review of Implementation of the United Nations Convention against Corruption, in particular in relation to the review of the implementation of chapter II, on preventive measures, including in the country visits, where applicable;
- Measures taken to promote integrity and honesty through the application of codes of conduct in the supreme audit institutions and in particular measures for aligning these codes of conduct with the Code of Ethics promulgated by the International Organization of Supreme Audit Institutions;

➤ **Court of Accounts of the Republic of Moldova (CoARM)**

The CoARM has a Code of Ethics that was approved in 2019, replacing the previous Code of Ethics from 2013. The code is publicly available on the CoARM's website (https://www.ccrm.md/ro/codul-etic-3571_92063.html), which transposes the provisions of the ISSAI 130 standard, the CoARM's Law, relevant national normative acts, as well as good practices generally accepted at international and European level.

The provisions of the Code apply to the president, the members of the CoARM and the Court's Apparatus. Also, the persons contracted by the CoARM to provide services or any other activities carried out on behalf of the institution are requested to comply with the provisions of the Code. The document is based on fundamental ethical values including: integrity, independence, objectivity, competence, transparency, confidentiality and professional conduct. All the CoARM's employees are responsible for promoting and ensuring the ethical climate within the CoARM.

An integral part of the Code are CoARM's Ethical Guidelines. The guidelines provide guidance on: potential risks to professional integrity; reporting illegal activities; signing the declaration of independence, the declaration of conflicts of interest, the declaration of undue influence and the declaration of gifts and other principles of the Code of Ethics.

The guidelines state that in order to ensure the independence of the CoARM's employees, prior to the start of an audit engagement, each relevant employee must complete and sign an independence declaration providing any information about anything, relationships and/or interests they hold that could have an impact on their independence in the report with the audited entity or entities. Two copies of the declaration are signed, one of them is presented to the person in charge of the Register of declarations of independence of public auditors, the other copy is kept in the audit engagement file.

The CoARM has approved and operates a series of regulations to support decision-making regarding ethical issues, as well as to regulate the processes implemented within the institution. These include:

- Regulation of the Disciplinary Committee of the CoARM, which establishes the establishment, composition, mandate, powers and competence of the Committee; the manner of notifying the Committee; investigating disciplinary violations; disciplinary sanctions and appeals
- The regulation regarding the record of cases of improper influence, establishes the procedure for communication and registration of cases of improper influence exerted on the CoARM's officials
- The Whistleblower Regulation in the CoARM sets out the procedure for reporting and verifying potential illegal activities committed in the CoARM, as well as the measures to protect people who raise concerns voluntarily, in good faith and in the public interest
- Regulation regarding the record, evaluation, preservation, use and redemption of symbolic gifts, those offered as a courtesy or on the occasion of certain protocol actions, etc.

In the draft Guide on the quality management system, which is to be approved in a new version in February 2023, ethical requirements are regulated in *Element 2: Compliance with ethical requirements*. According to the document, the purpose of the policy of adherence to ethical values is to ensure that the Court of Accounts of the Republic of Moldova and its staff, when fulfilling

their professional duties, respect the principles and ethical values provided in ISSAI 130, ISSAI 140 and other related documents.

The Guide sets out the fundamental ethical values of the CoARM, as well as the ethical requirements for conducting audits, accepted and respected by the management and employees of the CoARM. The establishment of the Ethics Committee is also foreseen, in order to ensure the proper functioning of the ethics control system, focusing mainly on monitoring compliance with the Code of Ethics of the Court of Accounts, providing recommendations and training staff on sensitive topics.

- Measures to increase trust in supreme audit institutions, anti-corruption bodies and governmental and public institutions as a whole;

➤ **Court of Accounts of the Republic of Moldova (CoARM)**

International evaluations. Trust in the quality and professionalism of the supreme audit institution's activity is confirmed by the results of a series of international assessments, carried out in the recent years. The CoARM, as the Supreme Audit Institution of the Republic of Moldova, has already aligned itself with IAS INTOSAI, and the external public audit activity is carried out in accordance with the quality requirements provided by this framework. In this regard, the CoARM has achieved significant progress, which has been observed, taken into account, measured and reported in the last 2-3 years by international and national experts who have evaluated the Republic of Moldova under various aspects.

- 1) Report "The quality of audits of the CoARM: a review of compliance with the International Standards of the Supreme Audit Institutions"

World Bank, November 2019

Link: <https://www.ccrm.md/en/evaluation-reports-3586.html> (en)

The purpose of the review was to assess the quality of the audits carried out by the SAI on the projects financed by the World Bank, through the objective of compliance of the audit with the International Standards of the Supreme Audit Institutions (ISSAI), to confirm the confidence of the WB in the findings formulated by the SAI in the audit of the operations financed by the WB.

Thus, the institutional and organizational capacities of the supreme audit institutions were evaluated in the following evaluation areas: (1) ISA independence, (2) quality control, (3) planning, conducting and reporting audits.

The World Bank mentions that the audit methodology of the Court of Accounts of the Republic of Moldova corresponds to INTOSAI standards, emphasizing that compliance with international audit standards is an important component of audit quality and is absolutely necessary in maintaining the credibility of SAI. At the same time, the evaluation recommends to the CoARM to establish a system of continuous improvement by developing and implementing a robust systematic process to ensure that lessons learned from audits and practice are identified, understood, disseminated and incorporated into study and development programs as well as within audit guidelines and methodology.

- 2) Study (survey) “Central public authorities: opinions and experiences regarding communication with the Court of Accounts, professionalism, integrity of auditors and the implementation of the Court's recommendations”

NGO Transparency International Moldova, December 2021

Link: <https://www.ccrm.md/ro/rapoarte-de-evaluare-3586.html> (ro)

On Transparency International Moldova's page http://www.transparency.md/wp-content/uploads/2021/12/TI_Moldova_Sondaj_APC_Curtea_Conturi.pdf (ro)

In the evaluation process of the Court of Accounts through the lens of the National Integrity System, Transparency International – Moldova carried out a survey in central public authorities audited by the Court of Accounts to analyze the views and experiences of their representatives about communication/relationships with the Court's auditors during the audit engagements; the conduct, professionalism and integrity of the auditors; as well as the implementation of the Court's recommendations.

The results of the survey demonstrate a positive picture on the aspects included in the study. The purpose of the survey was to analyze the opinions of the CPA's representatives about the relations with the auditors of the Court of Accounts during the audits; the conduct, professionalism and integrity of the auditors; as well as the implementation of the CoARM's recommendations.

- 3) Open Budget Survey, June 2022

Link: <https://www.ccrm.md/en/evaluation-reports-3586.html> (en)

On the Open Budget Survey's page <https://internationalbudget.org/open-budget-survey/country-results/2021/moldova>

The 8th edition of the Open Budget Survey (OBS) covered 120 states. The Republic of Moldova officially participates in the OBS since 2017, being in the 3rd edition. The OBS' findings and recommendations on issues such as the level of citizen participation, transparency of the budget process and budget oversight capacity, each country being scored on a scale from 0 to 100 based on 18 equally weighted indicators.

On the budget supervision indicator, the Republic of Moldova accumulated a common score of 63 out of 100 possible. An important contribution to the results of this indicator comes from the Court of Accounts, which demonstrated an individual score of 83 out of a possible 100. The result recorded by the supreme audit institution significantly improved the common score per country. The experts appreciated this positive result, a trend maintained by the Court of Accounts throughout all the surveys conducted.

- 4) Evaluation report on the performance of public expenditure and financial responsibility (PEFR)

World Bank, July 2022

Link: <https://www.ccrm.md/en/evaluation-reports-3586.html> (en)

The evaluation included seven pillars of public finance management performance: budget credibility, transparency of public finances, asset and liability management, budget strategy and

policy-based budgeting, predictability and control in budget execution, accounting and reporting, and external control and auditing. Each indicator was evaluated according to the score contained in dimensions from A to D.

The last pillar, external control and audit, analyzes whether public finances are reviewed independently and there is a follow-up by the Executive of the implementation of the recommendations offered by the Court of Accounts. Thus, the Court of Accounts was evaluated through the lens of 4 indicators: audit coverage and standards, the presentation of audit reports to the Legislature, the follow-up of the external public audit and the independence of the supreme audit institution. According to the PEFA report, the Court of Accounts received a maximum score for the first three indicators, accumulating 3 "A" and 1 "C" for the independence indicator. The experts mentioned that the Organic Law 260/2017 provides for the organizational, functional, operational and financial independence of the CoARM, but in practice there is a limitation of the financial independence by the Executive, by approving the budget of the Court of Accounts within the budget cycle, managed by the Ministry of Finance.

5) The „peer review” of the Court of Accounts

SIGMA (EC, OECD), SAI of turkey, SAI of Latvia; October 2022 (the official presentation of the Report)

Link: <https://www.ccrm.md/en/peer-review-3587.html> (en)

The international assessment exercise was carried out at the request and initiative of the CoARM, during 2020-2022 by a group of international experts led by SIGMA. The purpose of the exercise was to assess the current situation on a number of strategic dimensions, such as: independence and legal framework; governance; financial audit: process and quality, reporting and achieving results; as well as stakeholder relations. As a result, the International Evaluation Report was produced, which contains findings and recommendations to increase the performance of the supreme audit institution on the analyzed dimensions and to adjust the normative-legal framework in the context of the European Agenda of the Republic of Moldova.

Carrying out the international "peer review" evaluation proves that the Court of Accounts of the Republic of Moldova is doing everything to be the most reliable, professional and relevant institution for its country.

6) The evaluation report on the implementation of the National Integrity and Anti-corruption Strategy (NIAS) 2017-2020

Center for Analysis and Prevention of Corruption (CAPC), December 2022

Link: <https://www.ccrm.md/en/evaluation-reports-3586.html> (en)

On the CAPC's page: <https://www.ccapc.md/publicatii/raport-evaluarea-strategiei-nationale-de-integritate-si-anticoruptie-2017-2020-si-planului-de-actiuni/>

The NIAS implementation evaluation exercise was carried out, between May and November 2022, by the Corruption Analysis and Prevention Center (CAPC), within the project implemented by the German International Cooperation Agency.

According to CAPC findings, the impact of the CoARM's activity at the end of 2020, compared to 2017, has increased significantly. The evaluation report mentioned that 52 sanctions for acts of corruption found on the basis of the information sent by the Court of Accounts were applied in the period 2017-2020 and a damage of over 5 billion lei caused to the state was recovered, which demonstrates the impact of the CoARM's activity, but also the efficiency of working with the authorities responsible for investigating and sanctioning corruption.

The report also states that there is a divergence between society's perception of the activity of the Court of Accounts. Thus, the Court of Accounts is often seen as an institution with punitive functions, which, in fact, does not fall within the mandate of a supreme audit institution and is not provided by the relevant International Standards. In terms of ensuring integrity and combating corruption, the Court of Accounts has the role of preventing such phenomena, detecting in its audits suspicions of fraud and corruption and informing the bodies empowered with investigative functions. Achieving tangible results in this regard is only possible in close cooperation with the legal bodies, the Government and the Parliament, through their control attributions.

Other confidence-building measures concerning the SAI

Ensuring transparency. The INTOSAI Framework of Professional Pronouncements (INTOSAI-P 12, INTOSAI-P 20) requires the ISA to communicate effectively with stakeholders to increase the impact of its work, ensure understanding of audit findings and demonstrate ongoing relevance to citizens, Parliament and other stakeholders. Maintaining a good and effective cooperative relationship with the stakeholders is essential for the CoARM to communicate its value and benefits to citizens.

The Court of Accounts has approved and is implementing the Communication Strategy for the period 2022-2025, it is a tool that facilitates the implementation of the CoARM's Development Strategy. The purpose of the communication strategy of the Court of Accounts is to increase the impact of the activity of the Court of Accounts, by strengthening relations with interested parties and promoting improvements in the field of public finance and patrimony management, generated by the audit activity.

In order to ensure the accessibility of information and the mediatization of the activity, the CoARM's meetings for the examination of audit reports are public and are transmitted on the institution's official website (www.ccrm.md), on social media accounts (www.youtube.com). The archive of public meetings in video format is available on the institution's account on the network www.youtube.com. The number of views of the audit report review sessions of the Court of Accounts, on average, is more than 500 thousand unique visitors annually. In 2021, the Court of Accounts launched a new modernized version of the official electronic page www.ccrm.md, which offers more possibilities for structuring and presenting information of public interest.

Advisory Board. The Advisory Council next to the Court of Accounts of the Republic of Moldova is an advisory body, the Council includes qualified specialists and scholars from the economic-financial, legal and audit fields, as well as Members of the Court of Accounts. The President of the Court of Accounts exercises the position of President of the Council.

Cooperation with legal authorities. According to the International Standards of Supreme Audit Institutions, the main responsibility in preventing and detecting fraud rests with those responsible for organizational governance and management of the audited entity. At the same time, the external

public audit activity is carried out on the basis of a risk assessment, which allows the auditor to obtain a reasonable assurance that any significant damages, caused by fraud, can be detected. The audit ascertains the indicators of fraud and corruption, by communicating the risks associated with these phenomena and submitting recommendations for the establishment of thorough and effective internal controls. The authorities in the field must be sufficiently effective in all cases of fraud and corruption indicators detected by the audit.

Council for cooperation with legal authorities. The interdepartmental cooperation council between the Court of Accounts and legal bodies (hereinafter the Council) was established on November 11, 2016 throughout the interdepartmental (joint) Order no. 205 from 11.11.2016. The Council is an interdepartmental collegial body, established by the Court of Accounts, the General Prosecutor's Office, the Ministry of Internal Affairs, the National Anti-Corruption Center, the Information and Security Service, the National Center for the Protection of Personal Data, the National Integrity Authority. The Council is convened to inform and consult on some issues related to the examination of suspicions of fraud and corruption in audits etc. The mission of the Council is to contribute to the strengthening of the mechanism regarding the legality, efficiency of the administration and use of public financial resources and public patrimony.

Cooperation with civil society. According to the objectives and strategic directions, the Court of Accounts annually plans and implements actions to promote cooperation with interested parties, stated in the events carried out and in the overall approach to the aspect of ensuring transparency.

Cooperation with civil society is ensured through different ways of working together: providing support and consultancy for the development of studies based on audit reports; participation and organization of communication events (round tables, workshops, meetings); consultation of potential topics of interest in the context of planning the audit activity etc. Audit reports of the Court of Accounts serve as a source for various analyzes and studies carried out by civil society organizations (<https://www.ccrm.md/ro/studii-si-analize-83.html>).

Cooperation with media sources. The mapping of media sources by field and the orientation of communication by target groups was carried out in the context of the elaboration of the 2022-2025 Communication Strategy. Audit reports are promoted through press releases, published on the official website of the Court of Accounts (<https://www.ccrm.md/ro/noutati-80.html>), on social networks (<https://www.facebook.com/Curtea.de.Conturi>), as well as sent to media sources via email.

In 2022, 175 announcements and news promoting audit reports and the activity of the Court of Accounts were published on the website and disseminated in social networks and mass media sources. Based on the reports and communiques of the Court of Accounts, in 2022 more than 600 articles, news and journalistic investigations were published in media sources (<https://www.ccrm.md/ro/aparitii-in-mass-media-82.html>).

Greater attention is paid to collaboration with electronic information platforms and mass media sources, for the organization of the live transmission of audit report review sessions (www.privesc.eu, www.realitatea.md).

<https://www.privesc.eu/arhiva/cauta/Curtea%20de%20Conturi/>

<https://rlive.md/?s=curtea+de+conturi>

- Measures taken to build and strengthen relations between national legislatures and supreme audit institutions, and to encourage national legislatures to be aware of the findings of supreme audit institutions so that they may be taken into account when exercising parliamentary functions;

➤ **Court of Accounts of the Republic of Moldova (CoARM)**

The Parliament is one of the stakeholders of major importance for the Court of Accounts. As an instrument of parliamentary control, the CoARM tends to provide the necessary support to the Parliament, by presenting the results of the audit engagements and the proposals to rectify the situations found and to improve the problem areas identified.

In 2022, the Court of Accounts of the Republic of Moldova performed, according to the Decision of the Parliament, after the promulgation of the Law no. 244 from 24.12.2021, the audit regarding the verification of compliance of capital expenditures and investments at natural gas companies that have been imposed public service obligations, as well as at related companies, as defined in Law no. 108/2016 regarding natural gas. The audit report was presented and approved by the Court of Accounts in November 2022. The report was examined on January 24, 2023, during the joint meeting of the Economy, Budget and Finance Committee and the Public Finance Control Committee of the Parliament of the Republic of Moldova.

Cooperation with the Public Finance Control Committee. The collaboration and communication between the CoARM and the Parliament became more active with the creation of the Public Finance Control Committee. The Public Finance Control Committee (PFCC) of the Parliament of the Republic of Moldova was established in 2019 with the mandate to analyze the use of public resources and, in this context, to use the activity of the CoARM. It also has the role of ensuring the supervision of the CoARM's activity on behalf of the Parliament. Before the creation of the PFCC, the Parliament's Economy, Budget and Finance Committee was responsible for this examination.

The CoARM has developed an effective and close working relationship with the PFCC since its inception and the work of the PFCC has developed significantly in a short period of time. The committee became fully operational in early 2020, with the mechanisms and procedures for effective cooperation between the PFCC and the CoARM established, such as: hearing audit reports during the Committee's meetings with the participation of representatives of the Court of Accounts and the audited entities, working in the context of monitoring the situation regarding the implementation of audit recommendations, consulting the CoARM in the process of drafting legislative initiatives by the PFCC's members etc. During the years 2020-2021, the Commission examined 125 audit reports of the Court of Accounts.

In 2022, the PFCC examined 38 audit reports of the Court of Accounts in 22 public meetings. Also, 1 audit report was examined during the meeting of the Environment and Regional Development Committee of the Parliament of the Republic of Moldova. The public meetings were broadcast online, being available to the general public.

- Measures taken to strengthen the national, regional and international coordination and cooperation among the bodies involved in the prevention of and fight against corruption;

➤ **Court of Accounts of the Republic of Moldova (CoARM)**

The National Integrity and Anticorruption Strategy 2017-2020 (NIAS) was approved throughout the Parliament's Decision no. 56 from March 30, 2017, for a period of 4 years. In 2022, the Parliament decided to extend the NIAS's implementation deadline until 2023, including making some adjustments to the text of the Action Plan. The strategy is centered on 7 pillars that target the areas vulnerable to corruption and the institutions that have a mandate to prevent and fight corruption, the respective concept being taken from the Transparency International approach, applied worldwide for the evaluation of national integrity systems.

The Pillar V Court of Accounts represented for the strategic anti-corruption document a completion of the vision regarding the responsible authorities within the national integrity system. NIAS is based on the role of the Court of Accounts to notify the legal bodies regarding the risks of corruption and irregularities identified within the audits regarding the management of public patrimonial and financial resources repayable and non-repayable, to increase the transparency and impact of the institution's activity, in cooperation with specialized anti-corruption agencies.

According to the evaluation of the implementation of the NIAS, carried out by the NGO Center for Analysis and Prevention of Corruption (CAPC), in the case of Pillar V it is found:

- All three result indicators established for Pillar V. The Court of Accounts have been achieved, according to the data of the qualitative analysis of the information from the questionnaires addressed to the authorities, the monitoring reports of NIAS, the alternative reports of civil society and international organizations.
- The monitoring of the activity of the Court of Accounts by civil society has improved, with studies being carried out both at the national level and by international and similar organizations;
- A number of 52 sanctions for acts of corruption found on the basis of the information sent by the Court of Accounts were applied in the period 2017-2020;
- A damage of over five billion lei caused to the state was recovered;
- A divergence was found between the expectations regarding the activity of the Court of Accounts, which resides in the lack of punitive functions in its mandate, and the achievement of results only in close cooperation with the legal bodies, the Government and the Parliament, through their control attributions, and the right in the final court to resort to the dismissal of the head of the audited entity. The CoARM's good collaboration with the authorities and civil society has been attested, a fact that can contribute to the sustainability of the results of its activity.

- Measures taken to improve the exchange of information between anti-corruption bodies, supreme audit institutions and other governmental bodies operating in the field of combating corruption, including for consultative purposes;

➤ **Court of Accounts of the Republic of Moldova (CoARM)**

According to the International Standards of Supreme Audit Institutions, the main responsibility in preventing and detecting fraud rests with those responsible for organizational governance and management of the audited entity. At the same time, the public audit activity is carried out on the basis of a risk assessment, which allows the auditor to obtain a reasonable assurance that possible significant damages, caused by fraud, can be detected.

The cooperation between the CoARM and the follow-up and investigation bodies is a continuous process, established since the founding of the CoARM, based on the respective legal framework, supported by the internal institutional policies and procedures that apply. There is a collaboration between the CoARM and law enforcement bodies based on the principles of legality and non-admission of interference in their activity. The Court of Accounts notifies the legal bodies regarding the detection of violations both at the decision of the CoARM's members taken at the end of the audit during the plenary session for examining and approving the audit report, as well as during the course of the audit engagement.

When performing the audit engagement, the CoARM is obliged to evaluate fraud and corruption indicators and report to the competent legal bodies. This procedure is carried out according to the provisions stipulated in the Regulation on the procedures applied within the Court of Accounts in case the auditors identify the risk of fraud and corruption.

The audit ascertains the indicators of fraud and corruption, by communicating the risks associated with these phenomena and submitting recommendations for the establishment of thorough and effective internal controls. The authorities in the field must be sufficiently effective in all cases of fraud and corruption indicators detected by the audit.

The CoARM's communication with the legal authorities is also carried out through the Cooperation Council, which operates based on the Council's Operating Regulations, approved throughout the Joint Order of the CoARM, the General Prosecutor's Office, the Ministry of Internal Affairs, the National Anti-Corruption Center, the Information and Security Service, the National Integrity Agency and NCPDP of 11.11.2016. This Council is convened at the proposal of the CoARM in order to intervene as operatively as possible by the investigation bodies with specific procedural actions to collect and document the necessary evidence, as well as to ensure the integrity of the evidence. After examining the materials presented, the Council decides on the opportunity to send the materials to the prosecutors, the decision being documented in a minutes signed by the President of the Council (the CoARM's management).

- Measures taken to promote transparency including by publishing findings of both the anti-corruption bodies and the supreme audit institutions;

➤ **Court of Accounts of the Republic of Moldova (CoARM)**

The CoARM has a legal obligation to inform the public about its activities, not only by submitting its reports to the Parliament and their subsequent publication in the Official Gazette of the Republic of Moldova, but also by publishing them on its official website and other means. Each CoARM's decision approving an audit report or an annual report specifies to whom the report is sent and where the report is published.

The CoARM publishes on its website (www.ccrm.md) all annual reports, decisions on the approval of audit results, audit reports and recommendations and deadlines for their implementation (<https://www.ccrm.md/ro/decisions>).

In order to ensure the accessibility of information and the mediatization of the activity, the CoARM meetings for the examination of audit reports are public and are transmitted on the institution's official website (www.ccrm.md), on social media accounts (www.youtube.com).

<https://www.ccrm.md/ro/sedinte-publice-3529.html>

<https://www.youtube.com/@CurteadeConturi>

Greater attention is paid to collaboration with electronic information platforms and mass media sources, for the organization of the live transmission of audit report review sessions (www.privesc.eu, www.realitatea.md).

<https://www.privesc.eu/arhiva/cauta/Curtea%20de%20Conturi/>

<https://rlive.md/?s=curtea+de+conturi>

Audit reports are promoted through press releases, published on the official website of the Court of Accounts (<https://www.ccrm.md/ro/noutati-80.html>), on social media (<https://www.facebook.com/Curtea.de.Conturi>), as well as sent to media sources via email.

The auditor's opinion on the CoARM's financial reports is also published on the CoARM's website within the Transparency section (<https://www.ccrm.md/ro/auditul-rapoartelor-financiare-ale-ccrm-91.html>).

- Measures taken to enhance the capacity of supreme audit institutions and develop the skills of their members and staff in preventing and combating corruption, including through training, education and knowledge exchange;

➤ **Court of Accounts of the Republic of Moldova (CoARM)**

In the context of institutional consolidation, the Court of Accounts tends to ensure continuous professional development for its employees. Training activities of various types and forms are organized in order to deepen and update knowledge, develop skills and model the skills/behaviors necessary for the effective exercise of job duties.

In the context of strengthening the capacities of the staff of the Court of Accounts in preventing and combating corruption, it collaborates with the institutions empowered to organize some thematic training - National Anticorruption Center (NAC). Annually, 1 training is organized for all employees of the Court of Accounts on integrity, prevention and combating corruption, with the support of the NAC.

Also, the employee of the Court of Accounts responsible for monitoring compliance with the principles of integrity organizes annual internal workshops for the subdivisions of the Court of Accounts regarding integrity, combating corruption.

The staff of the CoARM is limited, although the mandatory functional and operational duties have increased since 2018, for which reason it is overloaded within the audit activity. The time dedicated to training and professional development is mainly spent on training aimed at the areas of legislation, fraud and corruption risks, accounting, budgeting, reporting and the correct application of the INTOSAI IAS by audit types.

National Integrity and Anti-Corruption Strategy 2017-2020 (extended until 2023). The Court of Accounts is one of the implementing institutions of the National Integrity and Anticorruption Strategy (NIAS), being the 5th pillar of the NIAS. The objective of the pillar is to strengthen the capacities of the Court of Accounts to prevent corruption in the field of the administration of financial resources and the use of public patrimony, as well as external financial assistance.

The Corruption Analysis and Prevention Center (CAPC) carried out the last NIAS implementation evaluation exercise between May and November 2022, within the project implemented by the German International Cooperation Agency. According to CAPC's findings, the impact of CoARM's activity at the end of 2020, compared to 2017, has increased significantly. The evaluation report mentioned that 52 sanctions for acts of corruption found on the basis of the information sent by the Court of Accounts were applied in the period 2017-2020 and a damage of over 5 billion lei caused to the state was recovered, which demonstrates the impact of the CoARM's activity, but also the efficiency of working with the authorities responsible for investigating and sanctioning corruption.

The report also states that there is a divergence between society's perception of the activity of the Court of Accounts. Thus, the Court of Accounts is often seen as an institution with punitive functions, which, in fact, do not fall within the mandate of a supreme audit institution and are not provided by the relevant International Standards. According to the evaluation, in terms of ensuring integrity and fighting corruption, the Court of Accounts has the role of preventing such phenomena, detecting in its audits suspicions of fraud and corruption and informing the bodies empowered with investigative functions. Achieving tangible results in this regard is only possible in close cooperation with the legal bodies, the Government and the Parliament, through their control attributions (<https://www.ccrm.md/en/evaluation-reports-3586.html>).

- Measures taken to enhance transparency, accountability and good governance in the management of supreme audit institutions, including with regard to their organization, functioning and decision-making processes;

➤ **Court of Accounts of the Republic of Moldova (CoARM)**

SAIs have a fundamental role in promoting accountability and transparency in the use of public resources. Therefore, it is extremely important that they lead by example to demonstrate that they are accountable and transparent in the conduct of their business. International standards clearly articulate these expectations, particularly through INTOSAI-P12 and P20.

The CoARM makes significant efforts to be transparent and accountable. The CoARM's Law sets out the requirements of the CoARM as to how information about its work and results should be made public. The CoARM's complies with these requirements with regard to its Annual Activity Report, the annual audit reports on the Government's execution of the state budget, the state social insurance budget and the compulsory healthcare insurance funds and the Annual Report on the management and use of resources public finances and public patrimony, all published on the website of the CoARM. The CoARM's webpage provides information on the CoARM's roles, responsibilities and mandate, as well as information on its planned activities etc.

The CoARM's Law provides that the plenary meetings of the CoARM are public and the CoARM approved the Regulation on the organization and conduct of the plenary meetings of the CoARM. The plenary meetings of the CoARM, where the audit results are discussed, are held publicly, with the participation of audited entities, media representatives, and are also broadcast online on the Internet (<https://www.ccrm.md/ro/sedinte-publice-3529.html>).

The CoARM implements a quality management system, in accordance with the requirements of the international standards of INTOSAI. The new Quality Management System Guide, developed according to the provisions of ISSAI 140, has been developed and is at the final stage of consultation and approval (<https://www.issai.org/pronouncements/issai-140-quality-control-for-sais/>).

Analyzing through the lens of the Court of Accounts' compliance with the ISSAI provisions regarding the assurance of relevant standards, policies and procedures for the performance of the financial audit, we attest to a relatively high level of compliance. The institution has strategies, manuals, guides, regulations that regulate the approach and processes of carrying out the financial audit, which are used as guidance.

The CoARM promotes an internal culture based on the recognition that quality is essential in its work. The monitoring process in place provides reasonable assurance that the policies and procedures relating to the quality control system are relevant and appropriate and are operating effectively. Within the CoARM there are sufficient audit quality control measures to ensure the quality of each audit product.

The CoARM places particular emphasis on improving management practices, implementing an internal managerial control system, adjusting audit methodologies, organizing trainings/workshops ş.a. The CoARM is aware that the process of improving the quality control system is a continuous one.

- Measures taken to enable supreme audit institutions to perform their roles in preventing and combating corruption when responding to or recovering from national crises and emergencies, especially with regard to their functions in upholding policies and procedures for the management of public finances and public procurement.

➤ **Court of Accounts of the Republic of Moldova (CoARM)**

In the context of the pandemic crisis, caused by the COVID infection, the CoARM carried out two thematic audits in 2021 and 1 thematic audit in 2022, which highlighted problems, non-compliances and difficulties faced by public entities, in the context of managing the public system and combating the effects of the pandemic.

According to the audit findings, the conduct of public procurement in the field was affected by the non-transparent management of public financial means, which indicates the need to intensify internal control processes at different stages of procurement with the responsibility of all parties involved.

https://www.ccrm.md/en/annual-report-of-the-court-of-accounts-on-the-management-88_91991.html

https://www.ccrm.md/en/annual-report-of-the-court-of-accounts-on-the-management-88_92498.html

2. Please provide examples of the implementation of those measures, including related court or other cases and available statistics.

In relation to article 9, paragraph 2 and examples of implementation of those measures, States parties may wish to consider including the following:

- Reports prepared by the supreme audit institutions, national legislatures of body or bodies that prevent corruption;

➤ **Court of Accounts of the Republic of Moldova (CoARM)**

The Court of Accounts is the Supreme Audit Institution of the Republic of Moldova, which exercises control over the formation, administration and use of public financial resources and public patrimony, by carrying out the external public audit in accordance with the International Standards of the Supreme Audit Institutions. Audit reports are a key element of the country's public financial management system, providing Parliament, citizens, development partners and other stakeholders with credible and useful information about how their money is managed.

The audit reports carried out by the CoARM in the last 3 years show a downward trend in 2022, compared to the years 2020-2021, during which the number of engagements carried out by the CoARM were kept at a relatively stable level. This situation is due to the concentration of resources on the fulfillment of the compliance audit mission in the field of natural gas, carried out at the initiative of the Parliament of the Republic of Moldova. At the same time, regarding the audits carried out within the LPAs, recently the CoARM has directed its efforts to cover LPAs with significant budgets (3 largest municipalities: Chisinau, Balti and Ungheni).

According to the legal mandate conferred, the Court's priority remains the financial audit of the 3 components of the National Public Budget and the consolidated financial statements of all ministries. After distributing the resources for this compartment, the rest of the audit engagements are planned, based on the established priorities and the submitted requests, combined with the available resources. All audit reports are public and can be accessed on the website of the Court of Accounts (www.ccrm.md), in the "Audit/Audit Reports" section.

Audit reports	2020	2021	2022
Financial audit engagements	24	26	25
Compliance audit engagements	28	28	17
Performance audit engagements	8	6	4
Follow-up	3	1	-
Total	63	61	46

- External reports on the operation of the supreme audit institutions.
-
- **Court of Accounts of the Republic of Moldova (CoARM)**
 1. Audit reports of the financial statements of the Court of Accounts:
<https://www.ccrm.md/ro/auditul-rapoartelor-financiare-ale-ccrm-91.html>
 2. The external "peer review" evaluation report of the Court of Accounts:
<https://www.ccrm.md/en/peer-review-3587.html>
 3. Assessment of the National Integrity and Anti-Corruption Strategy 2017-2020
<https://www.ccrm.md/en/evaluation-reports-3586.html>
 4. Public Expenditure and Financial Accountability (PEFA) Assessment of the Republic of Moldova
<https://www.ccrm.md/en/evaluation-reports-3586.html>
 5. Open Budget Survey 2021
<https://www.ccrm.md/en/evaluation-reports-3586.html>

Central public authorities: opinions and experiences regarding communication with the Court of Accounts, professionalism, integrity of auditors and the implementation of the Court's recommendations
<https://www.ccrm.md/ro/rapoarte-de-evaluare-3586.html>

 6. Moldova Court of Accounts-Report on a Review of Compliance with ISSAIs
<https://www.ccrm.md/en/evaluation-reports-3586.html>

MOLDOVA (SIXTH MEETING)

In relation to measures to promote transparency and accountability in the management of public finances:

a. measures providing for transparent and public procedures for adopting of the national budget, that specify the type of information required as part of the submission to the legislature, with opportunity for public input and debate

Law no. 181 of 25.07.2014 on public finances and budgetary-fiscal accountability provides for clear procedures and the steps to be undertaken in the process of elaborating, endorsing, consulting, adopting the national public budget (articles 50 – 54).

In 2012, the Independent Analytical Centre EXPERT-GROUP has developed the study "Evaluation of transparency of the budgeting process in Moldova", where was calculated the Budget Transparency Index (BTI) based on the methodology that is developed by the International Budget Partnership (IBP) and is used by IBP for conducting the biennial "Open Budget Survey". The aim of this study was to conduct a quantitative and qualitative evaluation of the transparency of the budgeting process in the Republic of Moldova and to get a clearer picture on the country's position compared to other countries in the world. As a result of the study, the BTI in Moldova was 60 points out of the 100 possible. This means that the budgeting process in Moldova is transparent to the public and is very close to the qualification of "best practices".

The index has increased in the period of 2012-2015 also due to the taking into consideration and implementation of expert recommendations. In 2015, in view of improving the transparency of the national public budget and its components, as well as increasing public accessibility to this information, the Ministry of Finance has initiated the "Budget for citizens" format, within the framework of developing the budget for 2015. The format presents brief data on the budget and the economic and budgetary indicators that determine its creation. The "Budget for citizens" can be accessed on the official website of the Ministry of Finance.

The transparency of the budgeting process at the first stage - the stage of development of the medium-term budgetary framework (MTBF) and the subsequent development of the draft state budget - is ensured by the following measures: informing all stakeholders, publishing and consulting materials, organizing the working sessions of the MTBF Steering Group, which includes representatives of the social partners and the civil society, as well as organizing the meetings of the Working Groups. In developing the

MTBF, the Ministry of Finance administers the MTBF Steering Group and the inter-sectorial working groups. The Ministry of Finance also participates in the sectorial working groups, where the respective public authorities ensure the access to information at the sectorial level.

The policies that are developed with the MTBF can provide for the development of draft amendments to legal and regulatory acts, which can be accessed on the official web-page of the Ministry of Finance.

b. measures ensuring that reporting on revenue and expenditure is public, timely and regular, and that there are consequences for the responsible agency and officials for failure to report at all or in a timely fashion

Law no. 181 of 25.07.2014 on public finances and budgetary-fiscal accountability Article 47. The budgetary calendar establishes the dates for public reporting

(1) At central level, the main activities and deadlines of the budgetary calendar are the following:

- a) the Government approves the medium – term budgetary framework and submits to the Parliament the draft law on the medium-term macro-budgetary limits and the draft law for the amendment of certain legislative acts, if necessary, - up to 1st of June;
- b) the Parliament adopts the law on the medium-term macro-budgetary limits and amendments to the legislation, if necessary, resulting from the budgetary-fiscal policy for the next year -up to July 15;
- c) the Government submits to the Parliament the semi-annual report on the execution of the national public budget and its components for the current budgetary year – up to 15th of August ;
- d) the Government approves and submits to Parliament the draft budget laws for next year – up to 15th of October;
- e) the Parliament adopts the budget laws for the next year – up to 1st of December;
- f) the Ministry of Finance, the National House for Social Insurance and the National Company for Health Insurance develop and submit for audit to the Court of Accounts the annual reports on the execution of the state budget, the state social insurance budget and mandatory health insurance funds – up to 15th of April of the year after the closed budgetary year;
- g) the Court of Accounts performs the audit of annual reports on the execution of the state budget, state social insurance budget and mandatory health insurance funds for the closed budget year and submits the audit report to the Government – up to 1st of June;
- h) the Government submits to the Parliament the annual reports on the execution of the state budget, state social insurance budget and mandatory health insurance funds for the closed budget year – up to 1st of June;
- i) the Parliament approves the annual reports on the execution of the state budget, state social insurance budget and mandatory health insurance funds for the closed budget year – up to 15th of July.

(2) At the local level, the main activities and deadlines of the budgetary calendar are the following:

- a) the local executive authority develops and submits to the local council the draft local budget for the next year – up to 20th of November;
 - b) the local council adopts the local budget for the next year – up to 10th of December;
 - c) the local executive authority submits to the local council the annual report on the execution of the local budget for the closed budget year – up to 15th of March;
 - d) the local council approves the annual report on the execution of the local budget for the closed budget year – up to 1st of April.
- (3) The intermediary activities and their deadlines in the budgetary calendar are established by the Ministry of Finance.

Regarding the reporting by the Court of Accounts, art. 8 of the Law no. 261 of 05.12.2008 on the Court of Accounts provides the following:

The Court of Accounts submits annually to the Parliament the following:

- a) up to 15th of March, the financial report on the execution of the budget of the Court of Accounts from the expired budget year;
- b) up to 10th of October, the report on the administration and use of public funds and public property, which is examined in the plenary of the Parliament.

Public reporting on revenues and expenditures is carried out regularly. Monthly, quarterly and annual reports regarding the execution of the national public budget are placed on the official website of the Ministry of Finance.

At the beginning of 2010, the World Bank has launched the public expenditure database BOOST, which aims at increasing the transparency and efficiency of public expenditures by improving access to information on government spending and linking costs to relevant results. In Moldova, the BOOST database was built at the request of the Ministry of Finance, based on the treasury data offered to the World Bank by SE "Fintehinform". The database comprises variables that correspond to different administrative classifications in the Moldovan budget.

c. measures ensuring that effective system of accounting and auditing is put in place and that there is effective oversight over the budgetary revenue and expenditure with regular training and accreditation requirements for government accountants and auditors

The Court of Accounts of the Republic of Moldova, as the only state public authority that controls the formation, administration and use of public funds and the administration of public property through external audit in the public sector as the supreme institution of audit, activates under the provisions of the Constitution of the Republic of Moldova, the Law no. 261 of 05.12.2008 and the international auditing standards INTOSAI. The auditors of the Court of Accounts gain their qualification of public auditor based on a certification procedure established through an internal regulation of the institution. At the same time, the auditors of the Court of working groups, meetings, seminars, EUROSAI and INTOSAI conferences, to which the institution is a member since 1994. Currently, the Court of Accounts is supported in strengthening its institutional and external public audit capacities within 3 inter-correlated technical assistance projects:

- 1) Project of the National Audit Office of Sweden (III-d stage: 2013-2015),

- 2) Twinning project (launched on 09.09.2014 with the partnership of Finland and Spain)
- 3) Project for strengthening the capacities of the Court of Accounts, financed by the World Bank, launched in the 1st semester of 2014 and planned to finalize in November 2015.

In view of implementing the provisions of art. 10 par.(4) of the Law no. 90-XVI of 26.07.2007 regarding the prevention and combating of money laundering and terrorism financing, reporting entities (auditors) were informed regarding money laundering and terrorism financing transactions by means of the Financial Action Task Force (FATF), Declarations on the states that face strategic challenges in the domain of preventing and combating money laundering and terrorism financing, Resolution 2170 of the United Nations Security Council Condemning Gross, Widespread Abuse of Human Rights by Extremist Groups in Iraq and Syria, the Declaration of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) of 1st of June 2014, including the public Declaration of the 3rd stage MONEYVAL compliance enhancing procedures for Bosnia and Herzegovina, all being placed on the official website of the Ministry of Finance. The information has also been offered to professional associations in the domains of accounting and audit, for their subsequent dissemination to their members.

Civil and administrative measures undertaken to ensure the integrity of accounting books, registers, financial situations and other documents related to public revenues and expenditures for the purpose of preventing their forgery are provided in the Tax Code no. 1163-XIII of 24.04.1997, Labor Code no. 154-XV of 28.03.2003, Contravention Code no. 218-XVI of 24.10.2008, the Law on accounting no. 113-XVI of 27.04.2007 and the Law no. 61-XVI of 16.03.2007 on audit activity.

d. measures ensuring that an effective and efficient system of risk management and internal control is put in place, with clear allocation and description of the roles and responsibilities and description of how the offices responsible for risk management and internal control maintain, organize and store records

Performance and risk management within public entities is implemented according to the Law no. 229 of 23.09.2010 on public internal financial control and the National standards for internal control in the public sector, approved by the Decree of the minister of finance no.51 of 23.06.2009. In this context, public entities systemically identify, assess, record and monitor risks that may affect the achievement of objectives and the carrying out of planned performances and develop measures to mitigate the likelihood of risks and/or their impact.

Consequently, the results of the self-assessments at the „risk management” compartment, carried out on 31.12.2014 by central public administration, the National House for Social Insurance and the National Company for Health Insurance have registered the following results:

- 12 authorities assess the impact and likelihood of risks, prioritize the assessed risks, determine the levels of tolerance to risks, carry out the control of the identified and

evaluated risks, and have a mechanism for monitoring and reporting risks; these institutions have designated persons responsible for identifying, assessing, recording, monitoring and reporting risks and document the risk management process;

- 8 authorities assess the impact and likelihood of risks, prioritize the assessed risks and document the risk management process;
- 4 authorities have not developed a mechanism for identifying, assessing, registering and monitoring risks.

Additionally, the Ministry of Finance has created the group for the self-assessment of corruption risks by decree no.91 of 07.07.2010, in view of implementing the provisions of section 2 of the Government Decision no. 906 of 28.07.2008 „on the approval of the Methodology for the assessment of corruption risks in public institutions”.

The self-assessment has been carried out in the period 2009-2011 and has resulted with the development of an Integrity Plan, adopted by the Decree of the minister no.84 of 17.07.2012 and placed on the official website of the Ministry of Finance www.mf.gov.md/anticorrupt/plan.

The Court of Accounts also carries out the auditing of the systems of internal control¹, the main objective of which is the promotion of increased managerial accountability for the use of public funds. Internal control also involves the internal audit for managing risks and for offering reasonable assurance of achieving planned objectives and results, with the purpose of ensuring good governance². Managerial accountability³ represents the instrument which, if constantly applied, ensures the elimination of the risk of fraud, corruption and other irregularities. It involves the accountability of a manager for all 5 components of the Financial Management and Control (FMC) system in the public sector: control medium, performance and risk management, control activities, information and communication, monitoring and evaluation, as well as internal audit⁴.

One of the main objectives of the audit missions, organized and carried out by the public external auditors in the period of reference, was the evaluation of the organization, implementation and maintenance of the FMC system, of internal audit and the detection of the causation between the obtained results and the deficiencies/irregularities that were revealed in the activity of the audited entities. The audit has also identified the conditions of the internal control system which could cause errors or malfunctions in the administration of the public funds of the verified entities. The audit results have revealed the fact that, although the evaluation of public internal financial control, including internal audit within the FMC in the public sector, has shown an ascending trend in the last period, there are still deficiencies generating several problems in the organization,

¹ Art.28 par.(1) letter.h) of the Law on the Court of Accounts.

² *Good governance* – mode of governing that ensures the achievement of objectives under the principles of transparency and accountability, economy, efficiency and efficacy, legality and equitability, ethics and integrity (Law no. 229 of 23.09.2010).

³ Managerial accountability – awareness by the manager of the entity and his undertaking of responsibility for the promoted actions, decisions and policies, including for the maximization of results through the optimization of resources, based on the principles of good governance, as well as the obligation to report on the achieved objectives and results (Law no.229 of 23.09.2010).

⁴ Art.5 par.(2) of the Law no.229 of 23.09.2010 on public internal financial control.

implementation and development/strengthening of this process. The following deficiencies can be mentioned:

- ✓ although according to the Declaration on good governance issued by public entities managers claimed that the FMC system in the institution is organized, implemented and operational, the audit has found that the institutionalization of the system is largely at the stage of preparation or implementation. Working groups have been instituted, the description of basic/operational processes has been identified or initiated and certain control procedures and activities have been established and described.
- ✓ the tendency of formal implementation of control in several entities; only a few documents (operational procedures, risks register etc.) have been developed, these lacking application in practice or being non-functional, conditioning their decreased efficiency;
- ✓ although risk management is a necessary tool for the administration of the public entities for correct and optimal decision making in the conditions of economic risk and uncertainty, its absence or insufficient development within the FMC system invokes the consequence of a static risk management mechanism, which does not achieve its established objectives;
- ✓ there were identified cases when the instituted internal audit units have not been functional and lacked qualified personnel in the reference period, due to diverse causes as insufficiency of professional capacities, small salaries;
- ✓ there were identified cases of double subordination of internal audit, as consequence of its inclusion within other subdivisions, which is contrary to the legal provisions and affect the objectivity, independence and efficiency of the internal audit activity;
- ✓ there were attested situation when the internal audit activity has also involved operational tasks, incompatible with legal attributions, which suggests the unclear understanding of the essence and importance of the internal audit activity.

In this context, it has been concluded that, even though the basic regulatory framework for the FMC system has been approved, it is not completely functional and the concept of managerial accountability is not wholly implemented. The actual system for managing public finances most often functions in a centralized decision making framework. In view of remedying this situation, it is necessary that public entities ensure the institution of a result-oriented management system that is correctly managing the allocated public finances, eliminating major risks and accentuating performance. This requires the clear definition of annual and strategic activity objectives, planned results and impacts. The managers of the public entities must ensure the independence between the annual activity and the established objectives. In this way, the administration of public entities is accountable for the implementation of certain procedures for verifying the correctness/performance of the financial management and the economic-financial processes related to the management of public funds.

The efficient activity of the internal auditor depends on their professional activity and on their motivation, which is presently inferior to the tasks and responsibilities of their function.

The Court of Accounts has submitted several recommendations on measures to be undertaken for remedying the deficiencies/gaps that have been detected in the organization, implementation and development/strengthening of internal control, which will essentially contribute to the improvement of the management of public funds.

e. measures providing for corrective action in case of failure to comply with the legal requirements, with description of the procedure for oversight and implementation

The Law no. 41 of 27.03.2014 has resulted with certain amendments in the legislation with the establishment of contravention liability for the non-execution of the decisions of the Court of Accounts. The Court of Accounts has obtained the state of ascertaining agent.

Art.I. – the contravention code of the Republic of Moldova no. 218-XVI of 24.10.2008 (Official Monitor of the Republic of Moldova, 2009, no.3-6, art. 15), with the ulterior modifications, is modified and completed as follows:

1. After article 3191 is introduced the article 3192 with the following content:

“Article 3192. Non-execution of the decisions of the Court of Accounts

The actions or inactions of the persons with managerial functions who, without good reason, do not implement the decisions of the Court of Accounts within the established terms will be sanctioned with a fee from 200 to 350 conventional units”

2. Article 349 is completed with paragraph (5) with the following content:

“(5) Non-submission, without good reason, of the data, information, acts and documents that are requested by the Court of Accounts in the legal conditions and terms will be sanctioned with a fee from 100 to 150 conventional units applied to the person with a managerial function.”

3. To article 385 paragraph (2), text “400-4232” is substituted with “400-4236”.

4. To article 393 letter d), text “400-4235” is substituted with “400-4236”.

5. After article 4235 is introduced the article 4236 with the following content:

“Article 4236. Court of Accounts

(1) The contraventions provided in art.3192 and art.349 par.(5) are ascertained by the Court of Accounts.

(2) The public personnel of the Court of Accounts, that is authorized with auditing attributions has the right to ascertain contraventions and to carry out protocol procedures.

(3) Protocols on contraventions are submitted for substantive examination to competent court.”

Art.II. – the Law no. 261-XVI of 05.12.2008 on the Court of Accounts (Official Monitor of the Republic of Moldova, 2008, no. 237-240, art.864), with ulterior modifications, is completed as follows:

1. To article 26, paragraph (2) is completed with letter e) with the following content:

“e) to ascertain contravention acts.”

2. Article 36 is completed with paragraph (3) with the following content:

“(3) the non-implementation of the decisions of the Court of Accounts attracts contravention liability under the law.”

With regard to the monitoring procedure, the Court of Accounts applies the procedure in conformity with the provisions of an internal regulation that has been approved as a normative act by the plenary of the Court of Accounts.

In relation to civil and administrative measures to preserve the integrity of accounting books, records, financial statements or other documents related to public expenditure and revenue to prevent the falsification of such documents

The security of accounting books, records, financial statements and other documents related to public expenditure and revenue, is regulated by Law of accounting no. 113-XVI of 27.04.2007. The Ministry of Finance develops the model Accounting policy for public institutions, these being obliged to develop and approve their Accounting policies base on the model. Based on Law no. 133 of 08.07.2011 on the protection of personal data and the conditions for ensuring the security of personal data upon its management within informational systems for personal data, approved by Government Decision no.1123 of 14.12.2010, each public institution must develop and approve the Institutional security policy for the secure application of all informational systems that are used by the institution.

Within the Court of Accounts, the security policy for the accounting system provides for the following:

”Soft-Contabil” Accounting system

Bookkeeping is used in electronic format by the Finance and budget service. The head of the Service (chief accountant) is responsible for the system. The system has been used since 2011. The objective of the system is the bookkeeping of the Court of Accounts. The system is permanently used.

The persons holding access to the data in the “Soft-Contabil” system are:

- the President of the Court of Accounts;
- head and staff of the Finance and budget service; - internal and external auditor;
- bodies that are authorized by law (Ministry of Finance, control bodies, BC Moldova AgroindBanc SA).

Communication challenges between government bodies, agencies responsible for integrity in procurement and management of public finances, and business community representatives:

Communication and coordination challenges are generally conditioned by the lack of a centralized informational system that would provide for data exchange between institutions. More detailed information on this subject can be found in the audit report on informational technologies approved by the Court of Accounts, among which is the Decision no. 46 of 14.09.2012 on the Audit report on informational technologies with performance elements on the subject of „Identified problems and risks, which could affect the e-Transformation agenda of the Government”

Financial challenges with respect to maintaining sufficient and consistent funding for government bodies and other government agencies responsible for integrity in procurement and management of public finances:

In the conditions of a limited budget approved for the institutions which will have financial autonomy under law and their principles of activity, it cannot be confirmed that sufficient financing is ensured for the efficient functioning of the supreme state audit institution.

Currently, the Court of Accounts benefits from 3 external assistance projects, which have been described above. At the same time, it is necessary to initiate discussions on the identification of support for the development of a centralized informational system which would ensure the automation of audit activity and the exchange of relevant data and information with the main stakeholders involved in the process of managing public finances (planning, execution, administration, collection etc.)